

OP Oral History Project

Tape 43

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Interview: [REDACTED]

Subject: Service as Chief, Retirement Affairs Division (RAD) OP
17 March 1969 - 12 June 1972. The Voluntary Investment
Plan. Automated Data Processing (ADP)

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Clarendon, Virginia 22 November 1974

(Only [REDACTED] Remarks Taped. Tape Speed 3 and 3/4 IPS Setting)

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*Your last tape, Frank, Tape 20, 30 July 1971, ended with
your assignment as Deputy Chief, Retirement, Placement
and Counselling Task Force under [REDACTED] in July 1967.
Let's pick up the narrative after that!*

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000 In 1969, [REDACTED] Task Force on Retirement Affairs was
terminated. We had been in operation for about eighteen months and
our task had been to take a complete overview of the pre-retirement
assistance program, the retirement processing and the post retirement
program. Up to that time retirement services of the Office of
Personnel had been fragmented. The Retirement Operations Branch
had been part of Benefits and Services Division. The counselling
services and external employment assistance had been part of

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Recruitment Division. As a result of the recommendations (of the
[REDACTED] Task Force) which were pretty broad, approval was given
for the establishment of a single division. That was one of the
recommendations, that all of these elements be pulled into a single
Retirement Affairs Division. The substantive recommendations called
for a continuation of pre-retirement counselling, external employment
assistance--job placement in other words-- and then pulling together
what had been an element of BSD, the Retirement Operations Branch,
which had to do with annuity computations, the processing of retirements,
and the post retirement services covering the CIARDS* retirees for the
duration of the benefits of annuitants and their survivors. So in 1969
the division was established as the Retirement Affairs Division. It
was at that point that I was advised that I was going to stay with the
division as Chief. [REDACTED] left for an assignment in the Office
of Logistics. What we had then was a new division consisting of three

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*Central Intelligence Agency Retirement and Disability System

Branches. The Retirement Operations Branch under [] handled all pre-retirement processing and the service for the CIARDS annuitants. The External Employment Assistance Branch under [] worked on pre-retirement job search and placement assistance. We also had the Retirement Counselling Branch which was made up of officers detailed from each of the Directorates. They retained their actual assignments with their Directorate. We had a DDO officer, [], a DDI officer, [], and a DDS&T officer, []. The DDS (Robert Bannerman) asked the Office of Personnel to make his selection from OP officers and [] was the DDS counselor. The arrangement was that each of these representatives on the counselling side would do the counselling for people from their Directorate and from the Career Services of their Directorate. While that was the initial plan, in very short order they became identified with the counselling and service function across the board and while they specialized in their career designees, people from their Directorate, well, we pretty well shared the load in there. They (the counsellors) were paid by their Directorate and remained on their Directorate T/O, were on the Dev/Comps (Development Complements) as I recall it. We (OP) made recommendations periodically to Col White (Executive Director-Comptroller) to establish retirement counselling positions on the Retirement Branch T/O and formally reassign these officers but the arrangement was continued. Each Directorate continued to detail officers. That is the way it was and that is the way it is today.

Did you handle both Systems, that is the Civil Service and the Agency together?

050 The counselling side and the employment assistance side handled any retiree, any individual who was planning to retire. Then we (RAD) got into the advance notification five years before mandatory. In other words at age fifty-five we sent notifications out to these people throughout the Agency regardless of what system they were in, putting them on notice that they had five years before mandatory retirement, urging that they come in for early pre-retirement counselling. We (RAD) had a regular format of things that we covered. Usually at that point we projected the annuities. As people became eligible we would do the computation in terms of what they might be entitled to at that point and then project it ahead five years in terms of what their probable annuity would be based on the formula and the law at the time, so that they had basis to move from. We also at that time had

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regularized an annual pre-retirement seminar in the auditorium. We had run experimental seminars in fact we (the [] Task Force) were running two a year and this was accepted as part of the recommendations. Eventually we were running one seminar a year and extending invitations to people who were retiring within that year as a primary audience and then opening it up to anybody. We usually filled that hall over there.*

The big change came, at least in the Civil Service in 1970, did it not? That is to the high three formula, etc?

070 The different basis for computation was one of the benefits that came out of the so called Omnibus Bill. There were a lot of changes in the retirement law, a better base for figuring retirement annuities. The improvement was extended to the CIARDS. We (RAD/OP) were involved in drafting some of the proposed changes in the law to conform to the Civil Service changes and in turn the General Counsel and the Legislative Counsel got involved. Proposals were sent in (to the Congress) for legislative change and they were approved so that the CIARDS Act tracked with the Civil Service. Historically that is what we usually did. Once the Commission came up with legislation on regular Federal retirement we then came up with proposals for CIARDS which in most instances were approved.

It was part of the retirement program if memory serves correctly. Could you describe the Voluntary Investment Program (VIP) how it got started, who was the prime mover and what kind of a reception it has had?

080 The V.I.P. program was approved as a supplemental annuity system, using the Director's authority. As early as 1968 and sometime in '69 while the Retirement Task Force was in operation we had uncovered the T.V.A. (Tennessee Valley Authority) program. TVA, which was quasi-government, had a supplemental annuity program. I forget the name of it but it was similar to what became our VIP program. This was something an individual could opt for in addition to his regular retirement, by regular payroll deductions and purchases. It was a tax shelter plan in other words TVA had it approved as a full fledged supplemental pension program, so they had the tax shelter under the law. Members would not have to pay any taxes on it until such time as they withdrew from the program which would be at their retirement or separation from TVA. At that time members would start paying any taxes that might be due. Usually they could make arrangements for the payment in monthly

*The Headquarters auditorium, which holds 500 people.

increments of whatever amounts were in the fund including dividends. The dividends were used to purchase additional shares in the mutual fund. TVA was using mutual funds. The Task Force found that there was a technical problem. The TVA did not permit federal employees to participate in the program. They did it under their corporate charter. Federal employees working at TVA were excluded from participation in the supplemental pension plan. TVA was the only government organization that we found that had experimented with such a plan, and even there we found that it was not conducted in terms of their federal agency status.

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100 We (the Task Force) did check the plan out with the Internal Revenue Service (IRS), lightly at first, IRS reaffirmed that TVA's was a corporate plan, fairly typical in terms of corporate programs. They (IRS) could not see anyway that the Agency's plan could work. However the Plan did come to Col White's attention (Executive Director-Comptroller in 1969) and he had some interest in it as a supplemental program, and would be getting OGC (Office of General Counsel) into the Act. [] was asked to work with the Task Force to explore the possibilities and legal ramifications of a Federal Agency participating. One of the contacts he had was over in the Treasury (Dept) and in the Internal Revenue Service. Treasury developed some interest because they saw possibilities for their own use if they could get the Agency to set the precedent. There was a point when it looked like it was going to be turned down because of IRS's concern that if we (CIA) set the precedence within the federal agencies, probably most agencies in the government would be taking a shot at such a plan. The volume of investments from federal employment alone could affect the economy, could affect the stock market. So what they did finally, the IRS and the Treasury, was to come up with an opinion and a recommendation that the Director could do it under his particular authority as DCI and under the CIA public law. That decision put us in business without setting a precedent for the rest of the government. So we proceeded from there. The responsibility for the development of the administrative systems, was charged to (RAD). We set up a little task force with 'reps' from Office of Finance [] and the Office of Joint Computer Services to work up the programming. We met two or three times a week trying to hammer out all the mechanisms, how the thing would work, the systems, the inter-relationships between the computer, Office of Finance, payroll deductions and the input, the forms, the applications, the handling of money, the purchasing of mutual fund shares every two weeks,

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(payday), and this sort of thing. We worked on it literally for months. There must now be about three thousand people participating in the program which incidentally was our original projections of what we thought we would get--somewhere between twenty-five hundred and three thousand people in the system is what we thought we would get. Personnel was the first to uncover the idea and start exploring it but the real push to get it going came from Colonel White. Ben [] got into it in terms of the early ideas. Actually the guy that brought back the first information was [], the DDI counsellor. He was going around to the different agencies taking a look at their pre-retirement counselling programs. One of the agencies he had on his list was TVA, which was reputed to have a good retirement assistance program. In Washington TVA had only a representative's office, essentially an element of their General Counsel. It was a liaison office. [] called the TVA about the retirement program and then went to see the TVA representative who described the supplemental pension program, which he thought was pretty good. TVA did not have any pre-retirement counselling program. So the rumors that we had heard were not confirmed in terms of what we thought it was going to be. Nevertheless [] came back with a lot of the literature. The TVA man had told [] that he would contact his people down in Tennessee and that they would send more literature. So we got a lot of their literature, handbooks and pamphlets and subsequently talked to the TVA people when they came to Washington. They ran us through the whole program.

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How did you organize the effort, that is, the entire retirement effort and what were the problems?

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172 When the Retirement Affairs Division was established we were an element of the Special Programs side of the Office of Personnel. Ben [] was the Deputy Director of Personnel for Special Programs, so we became a division under DD/Pers/SP. Our command channel was through Ben and then to the Office of the Director of Personnel. When the Division first started Emmett Echols was still Director of Personnel and Wattles was his Deputy.* Bob Wattles when he became Director of Personnel (in Feb 1968) was fully supportive of the programs as was []. There were a number of incidents that illustrate. I recall one problem that had to do with people coming down to us for pre-retirement counselling. Initially people were quite reluctant to let anyone know that they were even considering retirement.

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*Echols retired in February 1968 so [] has reference here probably to the Task Force. JJW

People who were prudent, if they were eligible or were on the threshold of eligibility to retire, came to find out what they might have in the way of an annuity, to do some pre-planning, whether they had firmed up their plans to retire or not. But there was a reluctance to let anyone know they were even considering it, as this could have an effect, in certain career services, of not getting good assignments, possibly not getting promotions, being put on the side track because of assumptions that individuals, were going to retire simply because they were looking into it. So we have two or three incidents where Office Heads asked us (RAD) to give them the names of people from their Career Service on a routine basis, let them know who had been down there (to RAD) and what they said. The integrity of that whole operation and the purpose to assist people and prepare them for the transition would have been shot had we done so. We would not have had anybody coming down there (to RAD) if it ever got out that we were turning in their names. Wattles supported us right up the line inline. The first couple of times that I had requests (from Office Heads) I talked to Wattles, told him what was happening (requests for information on retiree inquiries) and he supported the position that the whole effort would be dead if RAD got into this (the business of informing the bosses). (As a result of Wattles support) I responded to the Offices concerned and told them that OP policy (was not to release the names but that I would give them numbers of people from their career service, who had inquired over a twelve month period or a six month period. That's the way we handled it. Bob Wattles understood what I was going to do. We never had any appeal on any of those cases. If we had an appeal I am certain that we would have been supported by Wattles. He kept out of it but he knew full well what we were doing. We did however encourage individuals to advise their career services and supervisors once they had made up their minds. When a person decided that they wanted to initiate a retirement application, we advised them to notify their offices and that if they would not do so we would. So that when the person was going to formalize it and actually fill out an application we routinely informed the Office that we had an application in process.

You wanted to say something more about organization changes, did you not?

223 Going back to the organizational structure of RAD when I was there, we had the Chief, RAD and a Deputy Chief, RAD. The Retirement Counselling Branch did not have any slots (T/O) because the officers were detailed to us from the Directorates. We had a function to perform but no organizational structure, although we showed it on the books as the Retirement Counselling Branch with one secretarial position. The Deputy Chief, RAD wore two hats. He was my deputy and he was also

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Chief of the Retirement Counselling Branch. The External Assistance Branch was a separate element. Shortly after I left over there in 1972* the Deputy Chief, RAD position was abolished and organizationally they combined the Retirement Counselling Branch and the External Employment Assistance Branch into a single Branch, and that is the way RAD has operated since. [] was my Deputy at the time I left and he replaced me moving up as Chief, RAD. Shortly after that OP abolished the Deputy job.

Now, Frank, we must deal with that old bug-a-boo, at least to the non-technical person. What about Automated Data Processing (ADP) as it relates to personnel records? Where does ADP stand today?

246 Where are we today on the Automated Data Processing (ADP) systems, as related to the so called Human Resources programs? I would say that for the last eight to ten years there was a continuous effort with the Office of Computer Services, the DDS(A), the Office of Personnel, Office of Logistics, Office of Security, Central Cover, Office of Finance, to come up with a single consolidated automated system where all human resources data was incorporated into a new single data base system for the new 360 (IBM computer). We had been operating under the old RCA 501 system which was an obsolete system. The Office of Computer Services had attempted to allocate some of their resources to the administrative programs. These human resources programs were known as the SIPS**program. Five or six years ago each office had allocated two or three officers to the SIPS Task Force. Their job was to work on the substantive input working with the team from OJCS (Office of Joint Computer Services) to transfer from the 501 system which had severe limitations into the new 360 system. SIPS had attempted to work on twenty different elements of this program, sub-programs really. When Mr. Brownman became the Deputy Director for Support, which was in June 1972, he had not been in the job very long when he focused on what he felt was an intolerable situation, quite a bit of money being poured into programs that never came up with anything. There were a series of meetings with OJCS and the participating Offices. I participated in all these sessions. What Mr. Brownman finally decided to do was to take a look at the relative priorities of the elements of the Human Resources program as against the limited resources that OJCS had, to narrow down SIPS to what he (Brownman) considered the priority programs, concentrating on those with the idea of trying to get these programs up and implemented within the next two years. As a result every Office (had to) rejustify

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[] was named Deputy Director of Personnel for Planning and Control (DD/Pers/PC) on 30 June 1972 when [] retired.

**Single Integrated Personnel System

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their portion of the program, the old SIPS Task Force was eliminated, and set up in what he (Brownman) called the MAPS* program. The individuals who had been detailed to OJCS by the participating Offices were returned to their parent Offices for administrative control in, I think, November 1973. [REDACTED]

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[REDACTED] the three working on the Personnel program were transferred back, with their T/O slots, to the Office of Personnel and assigned to the Plans and Control side. We established the Automated Data Resources Staff; which came under my supervision (as DD/Pers/PC). The Office of Personnel program that was called PERSIGN, which had to do with all personnel actions that were being processed and in-putted into the system, that project was retained as a top priority. The output of the PERSIGN system were all the statistical reports that the Statistical Reporting Branch works on. Project Staffing which had to do with the position control register during the in-input of T/O changes, instituted by PMCD was also retained. From that (Project Staffing) the output were all the PCR's (Position Control Register) with the assigned people. Then a separate system had been instituted during the SIPS period called PERCON, which was the automated system handling the contract personnel. That was a stand-alone separate system under the 501 computer. We had another system which continued under design called CEMLOK. That was to be a centralized locator system. Initially Mr. Brownman suspended CEMLOK as something that would be picked up when PERSIGN and STAFFING were completed. Now last year at income tax time, the Office of Finance had a requirement to get W-2's to everybody that had an employee relationship with the Agency. None of the contract personnel were in the locator system....so in December (1973) the Office of Personnel had to get involved in order to produce W-2's by hand checking some

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[REDACTED] all contract in other words. In anticipation that this same situation would come up again this year, the DDA authorized the re-institution of CEMLOK as a priority MAPS project. Thus we had PERSIGN, STAFFING, PERCON, and CEMLOK as priority projects and these are the ones we are still working on. PERSIGN and STAFFING were divided into PERSIGN one and STAFFING one, which were primarily the conversion of the data in the old 501 (RCA computer) system over to the IBM 360 (computer) system. The target date for completion of Phase One was October 1974. The target was met and then they (the OP/ADP Staff) proceeded on PERSIGN two and STAFFING two which are in parallel testing phase right now. We are running both systems, the 501 and the new system, with the target date for implementation of a completely integrated single Human Resources system set for November 1975.

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*Management Assistance Program System

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RETIREMENT POLICIES AND PRACTICES

A. Civil Service Retirement System

1. Prior to January 1960.

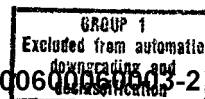
The Central Intelligence Agency did not have a formal retirement policy prior to January 1960. Employees remained in service until they elected to voluntarily apply for retirement or were eligible for mandatory retirement under the provisions of the Civil Service Retirement Act.

2. "Early retirement" policy.

25X1A The Agency's early retirement policy for employees covered by the Civil Service Retirement Act makes it mandatory for employees to retire when they first become eligible to do so on a full annuity. "...it is the practice in this Agency that an employee will normally retire when he becomes eligible for retirement unless he is asked to remain in service." This is a direct quote from Agency Notice Civil Service Retirement, published 5 January 1960.

The chronological history of the establishment of the above policy is as follows. In 1959 the Career Council of the Agency decided that, in the interests of sound and equitable personnel management and from a manpower point of view, it should become accepted practice for Agency employees to retire when they

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are eligible unless they are asked to remain in service. (This was as a result of the "hump" survey.) The Career Council at that time proposed to the Director of CIA that Notice No. be published stating the Agency retirement policy. The Director approved the policy and the notice was issued.

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Generally speaking, the new policy came as a shock to the employees who were eligible at that time or would be eligible during 1960. In the course of implementing this policy some of the procedures used to help reduce the initial shock were:

(a) Deputy Directors were authorized to grant extensions to those individuals under their jurisdiction who possessed unusual qualifications and skills.

(b) The Agency recognized the problems and hardships which immediate retirement would cause and established an eighteen-month planning period for employees who considered this necessary.

(c) The Agency Retirement Board was prepared to handle cases involving compassionate circumstances.

(d) Eligible employees were encouraged and requested to seek advice and guidance from the Executive Secretary of the Board.

The activity resulting from the retirement notice immediately focused attention on the need for pre-retirement planning on the part

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of the employee and counseling as a service of the Agency. The Executive Secretary of the Agency Retirement Board was charged with the function of notifying each individual five years in advance of his pending retirement and inviting him to contact the Executive Secretary of the Board for advisory service.

a. Age 60-30 years, age 62-5 years or more.

At the time, under the Civil Service Retirement Act, this policy meant that employees would have to retire at age 60 if they had at least 30 years of service or at age 62 with at least 5 years of service. This same policy recognized the following two bases on which exceptions could be made to permit employees to remain on duty beyond their scheduled retirement date: (1) If an employee's services were needed or if he possessed special or unique qualifications, or (2) If the employee would suffer undue personal hardship by being forced to retire at the scheduled time. This policy immediately affected many employees who had not prepared for retirement and for this reason the Agency was lenient in granting exceptions during the first few years. By 1963, primarily because of the practice of alerting employees five years in advance, the policy became established and was generally accepted by those Agency employees affected. Except in isolated instances, employees did not resist when they received their five-year notification.

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b. Establishment of Agency Retirement Board.

In the late summer of 1959, The Director of Personnel obtained the agreement of the Career Council to proceed with the establishment of an Agency Retirement Board. The plan for such a Board was to provide for careful consideration of the retirement plans of Agency employees as they reach an age at which their length of service qualifies them for optional retirement under the Civil Service Retirement Act. It would be designed to bring about a judicious review of the individual's current and prospective usefulness to the Agency if he were to remain until mandatory retirement, his own plans and personal arrangements for retirement, etc.

The Retirement Board would be composed of three members, one representing DDI, one DDP, and one DDS; the members would elect the Chairman of the Board from among themselves. A representative of the Medical Staff and the Chief, Benefits and Services Division, would serve as advisors. A representative of the career service concerned would be invited to discuss each case with the Board. The Chief, Personnel Operations Division would serve as Executive Secretary to the Board and POD would administratively support the Board.

The procedure would be as follows:

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(1) Benefits and Services Division would identify those individuals whose age and length of service qualify them for optional retirement. The names of such individuals would be referred to the Personnel Operations Division.

(2) POD, working through the Clandestine Services Personnel Division regarding individuals in the Clandestine Services Career Service, would consult with each individual's career service to determine whether he might be approached concerning immediate retirement, or, possibly, reassignment to a less demanding job.

(3) POD would then refer those names selected by the career services for retirement consideration to the Special Assistant to the Director of Personnel (whose review will include legal aspects), to the Office of Security, the Medical Staff, and the Assessment and Evaluation Staff for comment or information pertinent to the Board's consideration.

(4) The names would then be brought up with the Retirement Board for discussion and determination regarding whether the individuals should be approached concerning optional retirement. No individual would be approached without the approval of the Board and the concurrence of his career service.

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(5) When it had been determined that an individual should be approached, POD would do so, after confirming that his supervisor had been informed of this intention. In discussing prospective retirement with the individual, POD would refer him to BSD for specific advice on his retirement benefits and counseling on personal planning for retirement if desired. Also, if appropriate, he would be referred to the Out Placement office (now the External Employment Assistance Branch) for advice and assistance in locating other employment.

(6) When a reasonable period of time had elapsed and an individual had not followed through on retirement or if he had expressed reluctance or unwillingness to do so, he would be afforded an opportunity to present his case to the Retirement Board which would determine whether he should be retained or referred to the Special Assistant to the Director of Personnel to institute involuntary separation proceedings.

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Notice No. published 5 January 1960, established the Agency Retirement Board with the following functions:

(1) The counseling of all employees who have reached voluntary retirement age and those who are about to reach that age concerning their accrued benefits, privileges, and obligations.

(2) Discussion with the employee of his plans to retire.

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(3) The systematic review of the retirement plans of each such employee.

(4) Ensure uniform application of the retirement policy and consider the cases of employees who feel that retirement would create undue hardship for them.

The initial appointments to the Agency Retirement Board were: Mr. Lawrence R. Houston, Chairman; Member; and Mr. Otto E. Guthe, Member.

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B. CIA Retirement and Disability System

The Agency decision to request "early retirement legislation" for certain of its employees was based on extensive study of the problems of security, cover arrangements, and health which are encountered in carrying out many of the Agency missions in foreign areas. This study revealed that these problems tend, in most cases, to become acute beyond the age of 50, that the skills and experience acquired abroad are not readily utilized in any quantity in headquarters, and that the interest of the Agency and the individual would, in some cases, be served by the individual's retirement from the Agency at the time that his effectiveness in this type of service was being reduced because of security, cover and health problems.

The basic provision of the CIA Retirement Act is that it permits an individual at age 50, with 20 years of Government service, including 10 years of Agency service and 5 years of "qualifying service" to retire without a reduction in annuity for age. In contrast, when an employee under the Civil Service system of comparative age and service (whether Agency or "qualifying" is not relevant) is terminated, if termination is not for cause, he becomes eligible for an immediate but reduced (10% - 15% to July 1966 - in the case of the individual age 50) annuity. In Congressional hearings leading to the enactment of "early retirement" legislation, the problems of security, cover,

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and health which are encountered and reduce the effectiveness of an officer beyond the age 50 were emphasized and weighed heavily with Congressional sponsors and supporters of the act.

Early in an Agency career the individual who meets the primary requirements of "serving in a career field which normally requires the performance of minimum period of qualifying service as an integral part of a career in that field" will usually be moved out of the Civil Service system and into the CIA system. To insure that he continue to qualify as a participant in the CIA system, his record will be reviewed periodically (at the fifth and tenth anniversary of designation as a participant and at the fifteenth anniversary of his entrance on duty in the Agency). Such reviews will confirm that he meets the criteria for participation in the system and has in fact served required minimum periods of qualifying service. When he has completed fifteen years of service in the Agency and has met all of the requirements of the CIA system (normally including 5 years of qualifying service), he will be able to exercise a choice to remain in the CIA system for the remainder of his career or to request his return to the Civil Service system.

The underlying premise of the CIA Retirement Act is that the combination of the problems encountered in performing "qualifying service" beyond the age of 50 and the inducements of early retire-

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ment benefits under the CIA system would result in a sufficient number of voluntary retirements at or soon after age 50 to permit the Agency to maintain an appropriate balance in the career groups performing the service related to this act. The provision for involuntary retirement under the act is to ensure that any necessary further adjustments can be made with equitable annuities. Implicit in the CIA Retirement Act then is the intent of the Agency to achieve a higher incidence of retirement at or soon after age 50 from within the ranks of the CIA system than from the Civil Service system. Thus, the choice exercised by the individual in the CIA system after 15 years of Agency service is an important one. A choice to remain in the Agency system automatically places him in a category of careerists from which a higher rate of early retirements, whether voluntary or involuntary, will occur. This choice also assures him of whatever career advantages--including those provided by the CIA Retirement Act--accrue from being a member of this group of careerists. A choice not to remain, however, provides no assurance of a longer career.

Heretofore, employees of the Agency have been covered by the Civil Service Retirement System. The benefits of this system are appropriate for those individuals whose conditions and terms of service are comparable to those of Federal employees generally. All employees will continue to initiate their careers in the Agency under the Civil Service system. Those who are not designated to participate in the CIA system will remain in and be retired under the Civil Service system.

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To enter the CIA system the individual must have demonstrated intent, early in his career, to perform what is described in the broad language of section 203 of Public Law 88-643 as "qualifying service." To remain in the CIA system he must periodically have performed minimum periods of "qualifying service." And to be eligible for retirement under the CIA system he must have completed at least 5 years of "qualifying service."

25X1A goes much further than Public Law 88-643 in defining "qualifying service" and provides sufficient criteria for judging in most instances the qualifications of an individual for entrance into, remaining in, and being retired from the CIA system. However, both the act and the regulation permit, and indeed require, considerable interpretation in their application to a limited number of employees whose duties do not, for one reason or another, fit neatly into the easily identified types of "qualifying service."

For example, most duty performed overseas (outside of the 48 continental states and the District of Columbia) is "qualifying service." However, there may be a few instances in which service overseas will not be considered "qualifying service."

The act and the regulation also permit service in the United States which is performed under conditions similar to those of service overseas to be considered "qualifying service." Precise criteria cannot be established for determining the conditions of

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domestic service which would place such service in a qualifying category. These standards will evolve in a case-by-case review of those few individuals nominated for participation on the strength of domestic service believed by their Career Services to be "qualifying." Such unusual circumstances as extremely adverse living and working conditions, and demonstrable hazard to life or health may be pertinent to these determinations.

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also contains in subparagraph b(11)(c) a criterion of "qualifying service" based on the performance of duty "on a continuing basis which would place the individual at a distinct disadvantage in obtaining other employment...." Application of this standard requires determinations based on conditions at a time when the individual seeks to enter other employment and on retrospective consideration of his Agency career in light of current conditions. This standard was included to provide for those rare cases when the Agency might be obliged to release, short of normal retirement age of 60 or so, an individual whose Agency experience was completely unrelated to any other field of employment or who could not be permitted to give even general information defining the scope, level, and nature of his Agency experience.

Clearly the Agency has been given the broadest possible latitude for defining "qualifying service" to permit granting

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the benefits of the CIA system to those employees whose service merits such benefits. While the standards for determining "qualifying service" will be more clearly defined with experience in applying the act and the regulation, it is unlikely that they will become so precise that a factor of judgment will not be required. Additionally, the dynamics of intelligence work in a changing world demand that the criteria in making judgments in the context of the act be periodically reviewed.

1. Legislation of 13 October 1964, Public Law 88-643

Public Law 88-643, titled "The Central Intelligence Agency Retirement Act of 1964 for Certain Employees," represents the first major action in establishing a "system" within the Agency which recognizes the special character of the service performed by employees concerned with the conduct or direct support of clandestine and covert activities. This law, enacted by the 88th Congress, offers special benefits to those Agency employees "whose duties are determined by the Director to be (i) in support of Agency activities abroad, hazardous to life or health and (ii) so specialized because of security requirements as to be clearly distinguishable from normal Government employment."

The CIA Retirement and Disability System not only provides substantially all of the benefits of the Civil Service Retirement System but in addition offers the following distinct advantages:

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- (A) Voluntary Early Retirement: A participant in the system may, with the consent of the Director, retire upon reaching age 50 if he has at least 20 years of creditable Federal service including at least 10 years of Agency service which includes at least 5 years of qualifying service.
- (B) No Reduction in Annuity for Retirement Before Age 60:* Under the Civil Service Retirement System, all retirement below age 60, except disability retirement, requires a reduction in annuity. The reduction is 2% of annuity for each year the retiree is under age 55. There is no reduction in annuity under the CIA Retirement System before reaching 60.
- (C) More Liberal Annuity Computation Formula: Under both the CIA and the Civil Service Retirement Systems, an annuity is based on the individual's "high-5 salary," that is, his average salary for his highest paid 5 consecutive years of service. However, under the Civil Service Retirement System, the annuity is computed at 1.5% for the first 5 years of service, 1.75% for the second 5 years, and 2% of high-5 for all remaining years of service. Under the CIA Retirement System, the annuity is computed at 2% of high-5 for all years of service.

* Changed to age 55 by PL 89-504, 18 July 1966.

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2. Establishment of CIA Retirement Board

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Effective 27 April 1965 a CIA Retirement Board was established to assist and advise the Director of Personnel in the administration of the CIA Retirement and Disability System ([redacted] dated 24 June 1965).

Effective the same date Mr. Emmett D. Echols was appointed Chairman of the CIA Retirement Board. The other members of the Board appointed by the Director on the basis of proportional representation by Directorate are as follows:

Plans Directorate

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Intelligence Directorate

Paul A. Borel

25X1

Science and Technology Directorate

Alternate

25X1

Support Directorate

Alan M. Warfield

25X1

A CIA Retirement Staff was established in the Office of Personnel to provide staff and secretariat support in the administration of the CIA Retirement System.

In addition, the services of the following staff advisers were made available to the CIA Retirement Board:

Legal Adviser

John H. Warner

Technical Adviser

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Finance Adviser

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3. Selection of Participants into CIA Retirement System

In anticipation of the issuance of Headquarters Regulation

☐ CIA Retirement and Disability System, the Director designated the members of the CIA Retirement Board and requested that they review plans for initiation and administration of the System. Procedures were adopted to implement the System -- the first step being the identification of on-duty employees eligible for participation.

The first group of employees to be screened were those who were eligible for immediate retirement if they otherwise qualified as participants. The Head of each Career Service was provided with a computer listing of those employees in his Career Service who would be 50 years of age or over as of 31 December 1965 and who would have 20 years or more of Federal service and 10 years or more of Agency service. (Subsequent listings included the younger age groups.) The listing showed the total years and months of overseas service with the Agency. In order to expedite the designation process, the Board requested that the Career Services initially nominate employees for whom all, or preponderantly all, qualifying service has been "overseas" service. This was to facilitate the prompt handling of the most probably eligible cases in contrast to those which may depend on a more precise examination of non-overseas service which may be qualifying. However, the Career Services were not precluded from submitting exceptional or urgent cases of the latter nature to the Board for review and appropriate action.

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It was recognized that many of the employees named in the computer listing would clearly not meet the service criteria for nomination as participants in the System. In order to simplify the processing of those cases, it was requested that the names of such employees be "red-lined" or otherwise distinctively marked on the roster and that a copy of the roster so marked be returned to the CIA Retirement Staff. The CIA Retirement Staff was responsible for the preparation of a memorandum or dispatch, as appropriate, notifying each of the employees of the determination that he does not qualify for designation as a participant in the System and of his right to appeal such determination to the Director. These notices were forwarded to the individual through the Head of his Career Service.

In those instances in which it was determined that an employee appeared to meet the service criteria for designation as a participant in the System on the basis of qualifying service performed overseas, a Form 3100, Nomination and Designation of Participant, was completed. Such forms, with supporting documentation where applicable, were forwarded to the CIA Retirement Staff for appropriate processing.

An important requirement for participation in the System is the employee's acceptance of a written undertaking obligating him to serve anywhere and at any time according to the Agency's needs.

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A special Service Agreement was developed for this purpose and approved by the Board. It was determined, however, that an employee's previous Application for Membership in the Career Staff of the Central Intelligence Agency may be used in lieu of a newly executed Service Agreement in those cases where the nominee has over 15 years of Agency service, or is not available to sign such an Agreement, or, at the discretion of the Head of the Career Service, any other case.

Normally, designation of an employee with less than 15 years of Agency service to the CIA system will be largely an administrative action on the direction of the Director of Personnel who acts on the recommendation of the Head of the individual's Career Service. While the procedure provides for prior notification and individual appeal to the Director, the action of designation to the CIA system, in contrast to the choice made by the employee in the CIA system at the conclusion of 15 years of Agency service, is not a critical milestone in the career of an Agency employee with less than 15 years of Agency service. Its importance stems from the fact that this action constitutes the formalization of status as a participant in the CIA system. For the employee who has already achieved a minimum of 15 years of Agency service, who is otherwise qualified, and who is designated to become a participant in the CIA system, notification of his designation will in fact

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coincide with his opportunity to exercise the choice provided for at the 15th anniversary of the employee already in the CIA system.

Any individual who has 15 or more years of Agency service and is otherwise qualified for participation in the CIA system but who has less than 5 years of "qualifying service" will not be designated to the system until he has completed his 5 years of "qualifying service." Once this requirement is met, his Career Service may nominate him for designation if he is still otherwise eligible. He must then exercise his choice between remaining in the CIA system or completing his Agency service under the Civil Service system.

Any individual who is already eligible for optional retirement under the Civil Service Retirement System and who is also qualified to be designated a participant in the CIA system may exercise the choice of becoming a participant and immediately retiring under the CIA system. However, there are a few cases in which Civil Service annuity would be larger than a CIA annuity because the maximum annuity is higher under Civil Service (80% rather than 70%). Generally, the higher maximum annuity makes the Civil Service Retirement System more favorable to the employee who has 36 years and 10 months or more of service. The CIA Retirement Staff in processing these cases will advise the individual of the respective annuities.

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After making a choice to remain within the CIA system on or after the 15th anniversary of Agency service, a participant may not as a matter of right elect to return to the Civil Service Retirement System. However, as a matter of policy, the CIA Retirement Board has agreed that a participant who, at his mandatory retirement date under the CIA Retirement System, would receive a larger annuity were he retired under the Civil Service Retirement System, may apply to be transferred to that system. This situation can only arise with an employee who will have more than 36 years and 10 months of creditable Federal service at his mandatory retirement date. Since the transfer would be for the sole purpose of providing the employee who has such seniority in Federal service with a larger annuity, he will be expected to retire by the end of the month in which he reaches his mandatory retirement date had he remained in the CIA Retirement System. The Civil Service Retirement System requires that an employee must have been under that system for at least one year during the two years immediately preceding retirement under that system. Therefore, a participant who desires to apply for transfer to the Civil Service system for the purpose of receiving a larger annuity under the conditions described above, should do so approximately 15 months before his scheduled retirement date.

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C. Establishment of the Retirement Branch

The Director of Personnel determined that certain organizational changes and reallocation of responsibility in connection with the many aspects of retirement under both the Civil Service and the CIA Retirement and Disability Systems was necessary in order for the Office of Personnel to effectively discharge its responsibilities for these substantive programs.

Accordingly, effective 20 September 1965, a new branch to be identified as the Retirement Branch was established in the Benefits and Services Division. The Retirement Branch would be responsible for the following:

(1) Various aspects of retirement for employees covered by the Civil Service Retirement Act, as are now handled in the Benefits and Counseling Branch;

(2) Preretirement planning and counseling for employees covered by the Civil Service Retirement Act, as now performed by the Executive Secretary, Agency Retirement Board; and

(3) Preretirement planning and counseling for employees covered by the CIA Retirement and Disability System.

Preretirement planning and counseling for employees covered by the CIA Retirement System was a new function for BSD, and it was necessary for the Chief, BSD and the Chief, CIA Retirement Staff to develop implementing procedures for the integration of the program.

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The new Retirement Branch was staffed by personnel assigned to retirement matters in the Benefits and Counseling Branch and the CIA Retirement Staff. The Executive Secretary to the Agency Retirement Board was appointed Chief of the Retirement Branch.

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D. Policy Revision of 29 May 1967

The Federal Salary and Fringe Benefits Act of 1966 included certain changes in retirement which prompted the Agency to review its retirement policy for employees covered by the Civil Service Retirement Act. The specific retirement changes were:

(1) Optional retirement on full annuity at age 55 with 30 years of service. Prior to the change, retirement at age 55 with at least 30 years of service was permitted, but the retiree's annuity was reduced by 1% for each year he was under age 60.

(2) Optional retirement at age 60 with 20 years of service. Prior to this change, the employee who had less than 30 years of service had to wait until age 62 before he could retire optionally.

The present retirement policy has been keyed to a standard of retirement on a full annuity, i.e., employees are expected to retire when eligible to do so with no reduction in annuity for age. The policy has affected those employees at age 60 with 30 years of service or at age 62 with at least 5 years of service so that since 1959 the Agency has considered age 60 as a normal retirement age. In implementing this policy, the Agency long has recognized its departure from Government-wide practice where, under Civil Service retirement, the mandatory retirement age is 70 with 15 years of service. The present

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25X1A policy not only became an accepted management tool but the Agency experienced no external consequences, criticisms, or other political disadvantages. It was determined that broadening the current policy to include the new option of retirement at age 60 with 20 years of service should create no new problem for the Agency since such action merely extended current policy.

X1 On 29 May 1967, [] was revised to incorporate this new policy. Paragraph [] reads as follows:

"POLICY. The Agency encourages employees to retire voluntarily upon reaching age 60 or as soon thereafter as they are eligible for optional retirement under the Civil Service Retirement System. Employees are, therefore, expected to plan to retire upon completion of 20 years of service at the age of 60 or after a minimum of five years of service at the age of 62."

25X1A The original Agency Retirement Board which was established in 1960 to handle matters concerned with Civil Service Retirement was abolished and these functions were transferred to the CIA Retirement Board [] This change-over operated very smoothly because the Executive Secretary of the Agency Retirement Board was also the Chief, Retirement Branch and there were two members of the CIA Retirement Board who were also members of the abolished Agency Retirement Board so that there was a certain amount of continuity during the transition.

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